Statement of Congressman Ron Kind
Medicare Prescription Drug Conference Bill
November 21, 2003

Mr. Speaker, I rise in reluctant opposition to the bill before us today. It was my hope that the conference committee would work in a bicameral, bipartisan manner and produce a bill focused on providing prescription drug coverage to seniors and improving Medicare. Instead, House Democrats were shut out of the discussion completely, and special interest groups were given more information than members of Congress. Even more troubling than the process, however, was the legislation that came out of this conference. This bill is a bad deal for American seniors and an even worse deal for our children and grandchildren. Estimated at $400 billion, this bill is not paid for and, without basic cost containment measures, like price negotiation or drug reimportation from Canada, will leave a legacy of debt for our children and grandchildren to inherit.

Certainly, there are portions of this bill which I support—portions which generously and correctly bring aid and equity to hospitals, especially those in rural areas like western Wisconsin. For far too long, rural hospitals and critical access hospitals have been treated as second-best, and I have long been a champion of bringing equity to these hospitals which do such important work throughout our country. This bill will at last begin to equalize the base inpatient payment rate, increase the cap for Medicare

disproportionate share hospitals, and bring the hospital update to full market basket. Providers also benefit a great deal from this bill, and I am pleased that instead of receiving a cut, Medicare providers would receive a 1.5% update for the next two years. Furthermore, the assistance to our providers is paid for with offsets in the budget, so it does not add to the historically large federal deficit. If these provisions were separate from the bill, I could support them in a heartbeat, and I am confident that such a bill would pass overwhelmingly in Congress. In fact, just today my colleagues and I have introduced a bill that is identical to the rural health care package included in the Medicare Conference Report. We could still pass such a bill if the Republican leadership wanted to, but they do not. Instead, they are holding the rural provisions hostage to an ill-advised and costly prescription drug program to be delivered by private insurance companies after we bribe them with billions to do it, even after they have told us they do not want to do this.

As important as it is to sustain our hospitals and our doctors, aspects of the bill which will hurt our seniors, our pharmacists, and our states make it impossible to support this bill. Too many seniors in my district in western Wisconsin have told me stories of skipping meals in order to afford prescription drugs or cutting their pills in half to make their expensive prescriptions last longer. I came to Washington to work towards a real solution to this problem, and have championed the New Democratic Coalition's plan, which is simple, progressive, and affordable. I would be proud to stand on this floor today and support the Dooley prescription drug plan. I would have been able to compromise and support a bill that was close to the Senate's bipartisan bill. But I am

unable to support a bill that will do relatively little to provide seniors with drug coverage, that bribes insurance companies, that threatens to destabilize existing coverage for retirees, that undermines Medicaid, and that has no reasonable measures to contain costs.

Sadly, for all the excitement over a prescription drug benefit, this bill would bring little relief to struggling seniors. The drug benefit does not start until 2006, leaving struggling seniors a few more years before they receive any help in paying for their prescription drugs. Once 2006 rolls around, many seniors will find a drug benefit far less generous than the one they expected. In fact, a senior who spends slightly over $5,000 per year on prescription drugs will have to spend over $4,000 of his or her own money, meaning the consumer still pays 80% of drug costs. This is hardly the relief from expensive prescription drugs that seniors have been promised and that they deserve.

Also of concern is the effect this bill will have on seniors who currently have drug coverage. Astoundingly, an estimated 58,170 Medicare beneficiaries in Wisconsin will lose their retiree health benefits because of this bill. And they are not the only seniors who will suffer. Wisconsin's Seniorcare program is a shining example of the great work that can be done to aid our nation's seniors when federal and state governments cooperate. The bill before us would punish Wisconsin's leadership on this issue; Wisconsin would most likely lose the matching funds it receives for Seniorcare and be forced to drastically scale back the program. Wisconsin's Seniorcare participants currently pay a nominal enrollment fee, low drug co-payments, and a modest deductible, with those seniors below 160% of the poverty level paying no deductible whatsoever.

The Wisconsin Medicaid program, as well as the 110,200 seniors who are dual eligibles, will see a significant rise in their drug costs as a result of this legislation. The bill purports to do good things for low-income seniors, but in my state, it will have exactly the opposite effect. For the 99% of seniors in my state who already have health insurance, the introduction of a new prescription drug plan means a confusing new benefit with higher costs to the state and beneficiaries and less coverage than many Wisconsin seniors already enjoy.

All of this speculation over a prescription drug plan assumes, of course, that drug-only plans will be around to offer this less than substantial coverage. Currently, there are no drug-only insurance plans, and representatives of the industry have maintained they do not want to start such plans. Because of this reluctance, the bill bribes private insurance companies, pouring billions into the industry in an attempt to entice the companies to create drug-only plans. Clearly, $400 billion is just a floor, costs will explode, and the insurance companies will return to Congress in the future to ask for more money or they will drop coverage of our seniors, just as many Medicare plus Choice plans are doing today.

The $400 billion price-tag is only the beginning of spiraling costs to the federal government; we have no idea what costs might be in the future for this benefit. Incredibly, even the original $400 billion is not paid for, and there are no attempts at cost control in this measure. The government, for both Medicaid and the Veterans Administration, negotiates drug prices. The 40 million Americans covered by Medicare

constitute an immense and potentially powerful purchasing pool. Great savings could be realized by negotiation, yet this bill specifically prohibits the government from negotiating with drug companies. Another potential for savings is reimportation from Canada; once again, this cost-cutting measure is prohibited, as the Secretary of Health and Human Services would have to approve reimportation, and the agency has already indicated no such approval will be granted.

Finally, Mr. Speaker, I would like to speak of a group that has received little attention in a debate focused on seniors—our children and grandchildren. While I fully support providing seniors with a prescription drug benefit, I do not believe it is right to shift the costs of this benefit to future generations. We must devise a way to pay for these benefits now; we cannot and must not rely on future Congresses and future taxpayers to fix a problem of our creation. The party in power in Washington today wants tax cuts for the wealthy and pays no attention to fiscal responsibility. It is wrong to create a larger deficit than the one we already face. To protect seniors, to protect our children and grandchildren, I am opposing this bill, and I urge my colleagues to reject the flawed proposals contained in this bill. We can and must do better.